

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN SENATE MAY 6, 2014

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1275

Introduced by Senator De León

(Coauthor: Senator Pavley)

~~(Coauthor:)~~ *(Coauthors: Assembly Member Members Bocanegra, Bonta, Garcia, Holden, and Ting)*

February 21, 2014

An act to amend Section 44125 of, and to add Chapter 8.5 (commencing with Section 44258) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1275, as amended, De León. Vehicle retirement and replacement: Charge Ahead California Initiative.

(1) Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the program's guidelines to be updated no later than June 30, 2015. Existing law requires the updated guidelines to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired, as specified.

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than \$2,500. The bill would authorize the state board

to increase the amount of the mobility option as necessary to maximize the air quality benefits of the program while also ensuring participation by low-income motor vehicle owners, as specified. The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

(2) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and the public. The bill would state that the goals of the initiative are to, among other things, place in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and to increase access for disadvantaged, low-income, and moderate-income communities and consumers to zero-emission and near-zero-emission vehicles. The bill would require the state board to adopt, no later than June 30, 2015, a plan to meet the goals of the initiative, commencing in the 2016–17 fiscal year, that includes establishing an estimate for the total funding necessary for specified programs and projects; to update the plan at least every 3 years through January 1, 2023; to adopt, no later than June 30, 2015, specified revisions to the criteria and other requirements for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project; and to establish programs that further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities and consumers from electric transportation.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Seven of the 10 cities with the most severe air pollution in
4 the United States are in California. California has the largest
5 proportion of its population, over 40 percent, living close to or
6 near busy roadways and who may be exposed to an elevated risk
7 of air pollution and health impacts.

8 (b) California's low-income and disadvantaged populations
9 continue to face disproportionate impacts from substandard air
10 quality in the form of higher rates of respiratory illnesses,
11 hospitalizations, and premature death. Climate change is expected
12 also to have disproportionate impacts on disadvantaged,
13 low-income, and other vulnerable communities in California.

14 (c) Residents and businesses annually spend more than \$70
15 billion in transportation fuel bills.

16 (d) Cars and trucks are the single largest source of greenhouse
17 gas emissions in California. They also are the largest contributor
18 to air pollution that harms public health.

19 (e) Zero-emission and near-zero-emission vehicles, including
20 light-, medium-, and heavy-duty vehicles and buses, can improve
21 the health and welfare of all residents, especially those in lower
22 income households and disadvantaged communities, by reducing
23 air pollution and greenhouse gas emissions.

24 (f) California businesses stand to benefit from increased
25 deployment of zero-emission and near-zero-emission vehicles
26 through reduced fuel expenditures and reduced pollution exposure
27 to workers and communities.

28 (g) California attracts over half of the nation's venture capital
29 for clean technology and ranks high among the states in the number
30 of workers and facilities supporting the clean vehicle and electric
31 vehicle industries.

32 (h) Automakers and truck manufacturers are in early
33 commercialization of zero-emission and near-zero-emission
34 vehicles, which can dramatically lower smog and greenhouse gas
35 emissions even when emissions from the production, distribution,
36 and refining of fuels and the generation of electricity are
37 considered.

(i) Electric utilities are providing clean renewable electricity in increasing amounts to transportation customers throughout the state. Charging-service providers are beginning to deploy electric vehicle charging infrastructure throughout the state. Expanding the market for zero-emission and near-zero-emission vehicles to underserved markets in California is a priority.

(j) Low-carbon transportation has been identified as an eligible investment under the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code). The act has identified low-carbon freight transport and zero-emission passenger transportation as a recommended area for investment.

(k) It is the goal of the state to place in service at least one million zero-emission and near-zero-emission vehicles, *including cars, trucks, and buses*, by January 1, 2023, and to establish a self-sustaining zero-emission and near-zero-emission vehicle ~~industry~~ market in which zero-emission and near-zero-emission vehicles are a viable mainstream option for individual vehicle purchasers, businesses, and public fleets.

(l) It is the goal of the state to increase access for disadvantaged, low-income, and moderate-income communities and consumers to zero-emission and near-zero-emission vehicles and to increase the placement of those vehicles in those communities and with those consumers in order to enhance the air quality, lower greenhouse gases, and promote overall benefits for those communities and consumers.

SEC. 2. Section 44125 of the Health and Safety Code is amended to read:

44125. (a) No later than July 1, 2009, the state board, in consultation with the bureau, shall adopt a program to commence on January 1, 2010, that allows for the voluntary retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. The program shall be administered by the bureau pursuant to guidelines adopted by the state board.

(b) No later than June 30, 2015, the state board, in consultation with the bureau, shall update the program established pursuant to subdivision (a). The program shall continue to be administered by the bureau pursuant to guidelines updated and adopted by the state board.

1 (c) The guidelines shall ensure all of the following:

2 (1) Vehicles retired pursuant to the program are permanently
3 removed from operation and retired at a dismantler under contract
4 with the bureau.

5 (2) Districts retain their authority to administer vehicle
6 retirement programs otherwise authorized under law.

7 (3) The program is available for high polluting passenger
8 vehicles and light-duty and medium-duty trucks that have been
9 continuously registered in California for two years prior to
10 acceptance into the program or otherwise proven to have been
11 driven primarily in California for the last two years and have not
12 been registered in another state or country in the last two years.
13 The guidelines may require a vehicle to take, complete, or pass a
14 smog check inspection.

15 (4) The program is focused where the greatest air quality impact
16 can be identified.

17 (5) (A) Compensation for retired vehicles shall be at least one
18 thousand five hundred dollars (\$1,500) for a low-income motor
19 vehicle owner, as defined in Section 44062.1, and no more than
20 one thousand dollars (\$1,000) for all other motor vehicle owners.

21 (B) Replacement or a mobility option may be an option for all
22 motor vehicle owners and may be in addition to compensation for
23 vehicles retired pursuant to subparagraph (A). For low-income
24 motor vehicle owners, as defined in Section 44062.1, compensation
25 toward a replacement vehicle or mobility option shall be no less
26 than two thousand five hundred dollars (\$2,500). Compensation
27 toward a replacement vehicle for all other motor vehicle owners
28 shall not exceed compensation for low-income motor vehicle
29 owners.

30 (C) Compensation for either retired or replacement vehicles or
31 a mobility option for low-income motor vehicle owners may be
32 increased as necessary to maximize the air quality benefits of the
33 program while also ensuring participation by low-income motor
34 vehicle owners, as defined in Section 44062.1. Increases in
35 compensation amounts may be based on factors, including, but
36 not limited to, the age of the retired or replaced vehicle, the
37 emissions benefits of the retired or replaced vehicle, the emissions
38 impact of any replacement vehicle, participation by low-income
39 motor vehicle owners, as defined in Section 44062.1, and the

1 location of the vehicle in an area of the state with the poorest air
2 quality.

3 (6) Cost-effectiveness and impacts on disadvantaged and
4 low-income populations are considered. Program eligibility may
5 be limited on the basis of income to ensure the program adequately
6 serves persons of low or moderate income.

7 (7) Provisions that coordinate the vehicle retirement and
8 replacement and mobility option components of the program with
9 the vehicle retirement component of the bureau's Consumer
10 Assistance Program, established pursuant to other provisions of
11 this chapter, to ensure vehicle owners participate in the appropriate
12 program to maximize emissions reductions.

13 (8) Streamlined administration to simplify participation while
14 protecting the accountability of moneys spent.

15 (9) Specific steps to ensure the vehicle replacement and mobility
16 option component of the program is available in areas designated
17 as federal extreme nonattainment.

18 (10) A requirement that vehicles eligible for retirement have
19 sufficient remaining life. Demonstration of sufficient remaining
20 life may include proof of current registration, passing a recent
21 smog check inspection, or passing another test similar to a smog
22 check inspection.

23 (d) When updating the guidelines to the program established
24 pursuant to subdivision (a), the state board shall study and consider
25 all the following elements:

26 (1) Methods of financial assistance other than vouchers.

27 (2) An option for automobile dealerships or other used car sellers
28 to accept cars for retirement, provided the cars are dismantled
29 consistent with the requirements of the program.

30 (3) An incentive structure with varied incentive amounts to
31 maximize program participation and cost-effective emissions
32 reductions.

33 (4) Increased emphasis on the replacement of high polluters
34 with cleaner vehicles or the increased use of public transit and car
35 sharing that results in the increased utilization of the vehicle
36 replacement and mobility option component of the program.

37 (5) Increased emphasis on the reduction of greenhouse gas
38 emissions through increased vehicle efficiency or transit and car
39 sharing use as a result of the program.

(6) Increased partnerships and outreach with community-based organizations.

(e) For purposes of this section, the following terms have the following meanings:

(1) “Car sharing” has the same definition as in Section 44258.

(2) “Mobility option” means a voucher for public transit or car sharing.

SEC. 3. Chapter 8.5 (commencing with Section 44258) is added to Part 5 of Division 26 of the Health and Safety Code, to read:

CHAPTER 8.5. CHARGE AHEAD CALIFORNIA INITIATIVE

44258. For purposes of this chapter, the following terms have the following meanings:

(a) “Car sharing” means a model of vehicle rental where users can rent vehicles for short periods of time and users are members that have been preapproved to drive.

(b) “Disadvantaged community” means a community identified by the California Environmental Protection Agency pursuant to Section 39711.

(c) “Near-zero-emission vehicle” means ~~a light-duty plug-in hybrid electric vehicle or a medium-duty, heavy-duty, or bus hybrid electric vehicle or plug-in hybrid electric vehicle~~ *that utilizes zero-emission technologies, enables technologies that provide a pathway to zero-emissions operations, or incorporates other technologies that significantly reduce both criteria pollutants and greenhouse gas emissions, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission consistent with meeting the state’s mid- and long-term air quality standards and climate goals.*

(d) “Zero-emission vehicle” means ~~a light-duty, medium-duty, heavy-duty, or bus battery electric vehicle or hydrogen fuel cell vehicle~~ *that produces no emissions of carbon dioxide, carbon monoxide, hydrocarbons, oxides of nitrogen, and particulates when stationary or operating, as determined by the state board.*

44258.4. (a) ~~It is the intent of the Legislature that this act~~ *Any moneys utilized by this act from the Greenhouse Gas Reduction Fund, established pursuant to Section 16428.8 of the Government Code, shall be consistent with the appropriations processes and criteria established by the Greenhouse Gas Reduction Fund*

1 Investment Plan and Communities Revitalization Act (Chapter 4.1
2 (commencing with Section 39710) of Part 2).

3 (b) The Charge Ahead California Initiative is hereby established
4 and shall be administered by the state board. The goals of this
5 initiative are to place in service at least 1,000,000 zero-emission
6 and near-zero-emission vehicles by January 1, 2023, to establish
7 a self-sustaining zero-emission and near-zero-emission vehicle
8 ~~industry market~~ in which zero-emission and near-zero-emission
9 vehicles are a viable mainstream option for individual vehicle
10 purchasers, businesses, and public fleets, to increase access for
11 disadvantaged, low-income, and moderate-income communities
12 and consumers to zero-emission and near-zero-emission vehicles,
13 and to increase the placement of those vehicles in those
14 communities and with those consumers to enhance the air quality,
15 lower greenhouse gases, and promote overall benefits for those
16 communities and consumers.

17 (c) The state board, in consultation with the State Energy
18 Resources Conservation and Development Commission, districts,
19 and the public, shall do all of the following:

20 (1) No later than June 30, 2015, adopt a plan to meet the goals
21 of the initiative established pursuant to subdivision (b),
22 commencing in the 2016–17 fiscal year, including establishing an
23 estimate for the total funding necessary for programs and projects
24 that include, but are not limited to, any of the following:

25 (A) The Clean Vehicle Rebate Project, established pursuant to
26 Section 44274.

27 ~~(B) The Hybrid and Zero-Emission Truck and Bus Voucher~~
28 ~~Incentive Project, established pursuant to Section 44274.~~

29 ~~(C) The Advanced Technology Demonstration Projects,~~
30 ~~established pursuant to Section 44274.~~

31 ~~(D) Zero-emission and near-zero-emission vehicle fueling~~
32 ~~infrastructure projects eligible under the Alternative and Renewable~~
33 ~~Fuel and Vehicle Technology Program, established pursuant to~~
34 ~~Article 2 (commencing with Section 44272) of Chapter 8.9.~~

35 ~~(E)~~

36 ~~(B) Light-duty, medium-duty, and heavy-duty zero-emission~~
37 ~~and near-zero-emission vehicle deployment projects eligible under~~
38 ~~the Alternative and Renewable Fuel and Vehicle Technology~~
39 ~~Program, established pursuant to Article 2 (commencing with~~
40 ~~Section 44272) of Chapter 8.9.~~

1 ~~(F) Medium-duty and heavy-duty zero-emission and~~
2 ~~near-zero-emission vehicle technology demonstration projects~~
3 ~~eligible under the Alternative and Renewable Fuel and Vehicle~~
4 ~~Technology Program, established pursuant to Article 2~~
5 ~~(commencing with Section 44272) of Chapter 8.9.~~

6 ~~(G) Precommercial demonstration projects of advanced freight~~
7 ~~and transit technology to move cargo and passengers in the state.~~

8 ~~(H)~~

9 (C) Programs adopted pursuant to paragraph ~~(5)~~ (4).

10 (2) Update the plan required pursuant to paragraph (1) at least
11 every three years through January 1, 2023.

12 (3) No later than June 30, 2015, adopt revisions to the criteria
13 and other requirements for the Clean Vehicle Rebate Project,
14 established pursuant to Section 44274, to ensure all of the
15 following:

16 (A) Rebate levels ~~are~~ *can be* phased down in multiyear
17 increments based on cumulative sales levels as determined by the
18 state board.

19 (B) Eligibility is limited based on income.

20 (C) Consideration of the conversion to prequalification and
21 point-of-sale rebates or other methods to increase participation
22 rates.

23 ~~(4) No later than June 30, 2015, adopt revisions to the criteria~~
24 ~~and other requirements for the Hybrid and Zero-Emission Truck~~
25 ~~and Bus Voucher Incentive Project, established pursuant to Section~~
26 ~~44274, or other relevant deployment and demonstration programs,~~
27 ~~to ensure program eligibility for a truck or bus retrofitted or~~
28 ~~remanufactured to be a zero-emission vehicle, if the retrofitter or~~
29 ~~manufacturer furnishes a warranty or other form of guarantee to~~
30 ~~ensure lasting emissions reductions.~~

31 ~~(5)~~

32 (4) (A) Establish programs that further increase access to and
33 direct benefits for disadvantaged, low-income, and
34 moderate-income communities and consumers from electric
35 transportation, including, but not limited to, any of the following:

36 (i) Financing mechanisms, including, but not limited to, a loan
37 or loan-loss reserve credit enhancement program to increase
38 consumer access to zero-emission and near-zero-emission vehicle
39 financing and leasing options that can help lower expenditures on
40 transportation.

1 (ii) Car sharing programs that serve disadvantaged communities
2 and utilize zero-emission and near-zero-emission vehicles.

3 (iii) Deployment of charging infrastructure in multiunit
4 dwellings in disadvantaged communities to remove barriers to
5 zero-emission and near-zero-emission vehicle adoption by those
6 who do not live in detached homes.

7 (iv) Additional incentives for zero-emission, near-zero-emission,
8 or high-efficiency replacement vehicles or a mobility option
9 available to participants in the enhanced fleet modernization
10 program, established pursuant to Article 11 (commencing with
11 Section 44125) of Chapter 5.

12 (B) Programs implemented pursuant to this paragraph shall
13 provide adequate outreach to disadvantaged, low-income, and
14 moderate-income communities and consumers, including partnering
15 with community-based organizations.